GOVERNOR'S TRANSACTION PRIVILEGE TAX SIMPLIFICATION TASK FORCE
STATE AND LOCAL STANDARDIZATION WORKING GROUP MINUTES
Tuesday, October 2, 2012
1:30 PM
1820 W. Washington, St. #200, Conference Room 101
Phoenix, Arizona 85007

A public meeting of the Transaction Privilege Tax Simplification Task Force was convened on October 2, 2012 in Conference Room 101, 1820 West Washington, St. #200, Phoenix, Arizona 85007. Notice having been duly given. Present and absent were the following members of the Task Force.

Members Present	
Michael Hunter (Chair)	Linda Stanfield
John Olsen	Keely Hitt
Miguel Teposte	Vince Perez
Tom Belshe	Kevin McCarthy
Steve Barela	Senator John McComish
Lynne Herndon	Representative Rick Gray

Members Absent
No members were absent.

Staff Present
Lorna Romero, Governor's Office
Lindsay Scornavacco, Governor's Office

1. **Call to Order**
   Michael Hunter called the meeting to order at 1:31 p.m.

2. **Progress on TPT Portal**
   Patrick Irvine, Chair of the State and Local Standardization Working Group, stated the online portal will facilitate the effort toward uniformity and standardization and make things easier for taxpayers.

   Tom Belshe commented that a vendor has not yet been chosen. He stated there are several vendors still under consideration.

   a) **Presentation: E-Gov Systems**
   Chelsea Roberts from E-Gov Systems began the presentation on their online portal in Louisiana. All 63 collectors, 62 parishes and the state, can be accessed on one website. The portal does not automatically push money into a city's or the state's account, but creates a file the collector can send to the bank. She explained the current portal has the following features:
   - 24/7 availability
   - Licensing and registration

- Data import for large businesses
- Filing history of all online taxpayers

Future features of the portal include:
- Address validation
- Tax rates for specific addresses
- Exemption certificate renewal
- Links to mesh paper filings with online filings

b) Working Group Discussion and Public Comment
Mr. Hunter stated potential clients for E-Gov Systems include states where complex tax systems and a lack of uniformity are present. He continued that it seems their portal is an answer to the lack of uniformity to allow one point of contact for the taxpayer. Mr. Hunter asked Ms. Roberts if it was fair to say the portal itself does not contribute to uniformity except that some of the data can help a state guide its policy.

Ms. Roberts answered yes. E-Gov Systems is not in the business of creating uniformity, but establishing a one-stop-shop for the taxpayer regardless each jurisdiction's policy.

Mr. Hunter asked if it is true that the potential client base for E-Gov Systems is limited to Alabama, Arizona, Colorado and Louisiana. He also asked what the company would do for the state.

George Harris from E-Gov Systems responded that Kansas is also a client and its tax system is very uniform. He continued the state collects everything and then disperses it. Each city can have their own tax rates, but not their own collection. The portal is a consistent interface for the taxpayer.

Steve Barela asked where the data is housed.

Mr. Harris stated the company has a Tier-4 data center as well as a host site.

Ms. Roberts stated the Louisiana Department of Revenue has its own online portal, but that state filing is also available on their portal.

Kevin McCarthy asked how the portal is financed.

Ms. Roberts explained it is financed by tax administrators. There are also subscription based models and options for taxpayers to pay a convenience fee.

Keely Hitt stated Circle K has difficulty with the portal because it requires them to pay for each parish and print returns separately. She also stated Circle K finds the state filing process through the Department of Revenue to be easier.

Ms. Roberts responded E-Gov Systems is almost ready to implement a streamlined system for large taxpayers. Large taxpayers will be able to import 62 pages of data and pay all in one place.

Ms. Hitt asked if there would be 62 payments coming out of Circle K's account at different times.

Ms. Roberts answered it depends on when the collectors go to the bank.

Mr. Hunter asked if E-Gov Systems has ever dealt with two sales tax bases.

Ms. Roberts responded that it would be an exciting challenge.

Representative Gray asked what the timeframe would be to have a portal for Arizona up and running.

Ms. Roberts stated E-Gov Systems already has a good idea of what several jurisdictions are doing. The time would be spent on ensuring cities are able to receive the XML files and that each has online banking set up. She continued it would probably take a year.

Mr. Harris explained when the portal began in Louisiana they had a target date for everyone to participate, but they slowly phased in collectors that were ready prior to that date.

Ms. Hitt stated it was incredibly challenging to have some parishes online and others not during that period. She continued she hopes Arizona would go online all at once.

Representative Gray asked if a geocode feature would be available to contractors where one could plug in an address and find out which taxing district they were in.

Mr. Harris answered that it all depends on how the contract is worked out for the portal.

Ms. Roberts added that the mapping component would have to come first.

Mr. Harris stated their company would need to get updates on a regular basis.

Craig McPike from Snell & Wilmer asked if the portal could be accessed remotely.

Mr. Harris answered that it can be accessed anywhere there is internet.

Ms. Roberts stated E-Gov Systems created an i-Phone app and is working on one for android phones.

A member of the public asked if jurisdictions will be able to make changes on their own within the software when tax rates change.

Ms. Roberts stated it will depend on the contract. The portal can allow jurisdictions to make changes on their own or there can be a middle man. In Louisiana the Department of Revenue functions as the middle man between the jurisdictions and the development team.

Miguel Teposte asked if the portal could do amended returns.

Mr. Harris answered yes.

Mr. Barela asked what happens with short paid returns.

Ms. Roberts stated they calculate what filers should have paid and ask them to pay the difference.

Vince Perez asked how money is split among jurisdictions if a taxpayer were to only pay $2,000 but actually owed $10,000.

Mr. Harris answered the site is designed to require taxpayers to pay the full amount.

3. **Green Page and Model Code Options Efforts**
   a) **Presentation: Tom Belshe, Lee Grafstrom**
   Mr. Belshe presented a handout that showed the progress on eliminating green pages and options. He also explained the retail differences between the Model City Tax Code and state law. The goal is to eliminate green pages and have one set of options that are few and numbered.

   b) **Working Group Discussion and Public Comment**
   Lynne Herndon asked what the timeline was for reaching that goal.

   Mr. Belshe answered that there is a dual track to this goal. The green sheets will be more difficult to work out than the options. The options should be included in the model language within a year. The language has to go through the Municipal Code Tax Commission, which will also take time.

   Mr. Irvine asked how changing options will work with the online portal.

   Mr. Belshe stated all of the vendors have said they can make changes immediately and it will be easier for businesses to comply.

   Lee Grafstrom from the Unified Audit Committee commented that while a vendor is being selected there needs to be the capability for cities to pick and choose taxable items and exemptions. The 18 self-collecting cities would have to provide the vendor with a complete set of definitions.

   Mr. Irvine stated he hopes the portal serves an informational function for the taxpayer as well. The narrower exemptions get, the easier it will be to use the portal. There may not be a single base by the 2015 timeline for the portal, but the portal needs to be structured in a way that is taxpayer friendly.

   Mr. Belshe stated he wants it to be clear that just because a new category for food is being considered it does not mean all problems will be solved that way. He continued that having the portal would be helpful with identifying impacts on cities.

4. **Proposed Federal Legislation**
   a) **Presentation: Department of Revenue**
   Christie Comanita from the Department of Revenue explained there are three pieces of federal legislation that have been introduced, the most popular being S.B. 1832, the Marketplace Fairness Act. She continued there is a fourth piece of legislation being drafted that will most likely be a mix of the three already introduced. Information about the fourth version has not been made public, but New York, California and Texas are very involved in the effort. These are states that have not participated in streamline in any way.

b) Working Group Discussion and Public Comment
Mr. Belshe commented it would be helpful to have a comparison of what is included in the streamline base versus Arizona's base.

Ms. Comanita responded that it is the definitions that are much broader in streamline and not the base. Business groups came forward and wanted uniform definitions across the states. This would be significant because something could be defined as a prosthetic, for example, under streamline and not under Arizona's definition. This item would then be exempt and Arizona would lose revenue. There are far more exemptions under streamline.

Mr. Irvine asked if Christie had a comparison of those definitional differences.

Ms. Comanita stated she would update the document she has.

Mr. Teposte asked which movement has the strongest momentum.

Ms. Comanita answered the fourth one that no one has seen has the most momentum.

5. **Future Working Group Meetings Regarding State and Local Standardization**
Mr. Irvine stated the next working group will look at recommendations to present to the full Task Force during the November 6th meeting.

6. **Adjournment**
Mr. Belshe adjourned the meeting at 3:12 p.m.